

# Beneficiary Fund Wind-up Newsletter

(The wind-up only relates to the Defined Benefit section)

Number 5: August 2017

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Welcome to the fifth Wind-up newsletter. This newsletter covers:

- An update on what is happening
- How your entitlement is calculated and who does it
- What choices you will need to make in September
- Getting advice on your choices
- Some other updates
- The key dates
- What you can do now to help us

To re-read any of the earlier newsletters, go online to

<http://www.presbyterian.org.nz/for-parishes/church-property-trustees/the-beneficiary-fund/defined-benefit-section-wind-up-newsletter>

## An update on what is happening ...

In previous newsletters we explained the four pieces needed before we can wind up the old defined benefit section (the old scheme) of the Beneficiary Fund (fund) and offer you options under the reorganised fund, including with respect to the newly established defined contribution scheme called the New Benefits Section (the new scheme) and / or the existing Complying Section.

We have now got three out of the four areas done and we are well on the way with the last one - determining what everyone is entitled to. This means we are on track.

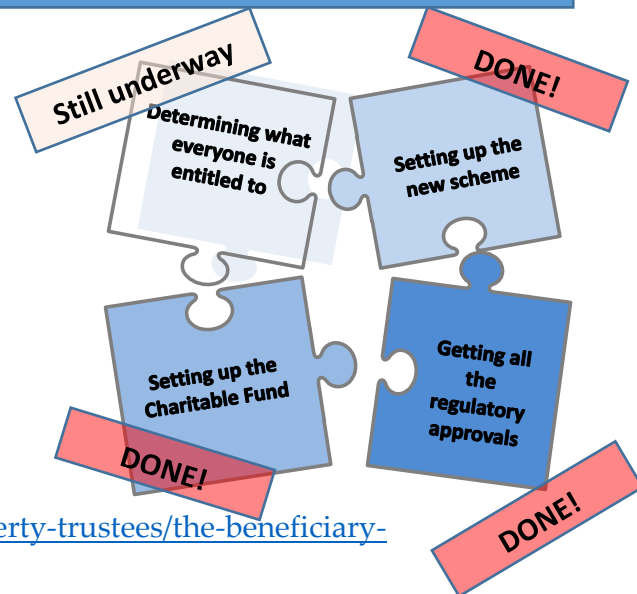
## How is the entitlement worked out, and who does it

Your entitlement is established independently by the fund's actuary, Melville Jessup Weaver. They work out what you are entitled to under the fund's Trust Deed which is based on many factors, including, for example, your annuity; how long you and, if relevant, your spouse are likely to receive it (based on life expectancies); and the value of any other benefits. They then use established actuarial methods to calculate the lump sum represented by this stream of benefits. Melville Jessup Weaver are highly qualified experts in this area and they make their calculations independently of either the Church or the Trustee.

However, the Trustee is very aware that it also has a legal responsibility to act in the best interests of the charitable purposes of the fund and to treat members equitably, so we are keeping in close touch with the actuary and answering any questions that arise to ensure that you receive what you are entitled to under the Trust Deed.

We cannot send you a letter of entitlement or pay you unless we have received the proof of your birthdate (and, if applicable) your spouse's birthdate and your marriage.

**You either have been or will be phoned if you have not provided these.**



## The choices you will be asked to make in September

In September, you will receive the final calculation of your entitlement and be asked to choose what you want to with it. We will send an information pack that will help you with these choices and the Church has also set aside \$1,000 for you to get further advice. (We tell you more about this below). The choices you will be asked to make are:

- **Active ministers** will have to decide what to do with their wind up lump sum and also where they want their future superannuation contributions to be invested. Active ministers will have a **one-time-only** option of retaining some or all of their wind up lump sum entitlement in the fund by transferring it into the recently established new scheme (i.e. the New Benefits Section). All active NOM's must be members of the fund.
- **Retired ministers** will have a **one-time-only** option of remaining as members of the fund by joining the recently established new scheme (i.e. the New Benefits Section) and transferring some or all of their wind up lump sum entitlement in the fund into this section, thereby continuing to benefit from the fund's charitable status.

We know that this is a big decision, but we do advise you to wait until you have the full pack of information before making it (and we strongly recommend you then also to take up the offer of professional advice). However, so you can do a little thinking at this stage, there will be **two decisions** that you will be asked to make:

Decision 1	Decision 2
<p style="text-align: center;"><b>What section(s) of the fund to use?</b></p> <p>There are <i>two sections</i> and you can choose to use one or the other or sometimes both. <b>The options are:</b></p>	<p style="text-align: center;"><b>What type of investments do you want your entitlement to be invested in?</b></p> <p>These are the same for both sections and you choose one for each section that you are in. <b>The options are:</b></p>
<p><b>The Complying Section</b> which generally complies with Kiwisaver rules, so gets access to matching tax credits up to \$521.43 per year (for those under 65 years) but has only limited options to withdraw funds before age 65.</p>	<p><b>Cash:</b> This invests the money solely in cash.</p>
<p><b>The New Benefits Section</b> which does not comply with Kiwisaver, so does not get access to tax credits, but offers greater flexibility about when you can withdraw funds. This may be attractive to retired members who cannot get tax credits.</p>	<p><b>Conservative:</b> This invests mostly in cash and fixed interest assets with only some investment in shares and real assets</p>
	<p><b>Balanced:</b> This invests in a wider range of investments from cash to fixed interest assets to property and shares, but it spreads things over the options.</p>
	<p><b>Growth:</b> This invests mainly in growth assets like shares and real assets and has very little in cash and fixed interest assets.</p>

**We want to reiterate:** You should wait until you get the full pack before making any decisions and we encourage you to get good financial advice as part of making your decisions.

## Getting financial advice

We believe it is extremely important that you get financial advice before you make decisions about what will, for many of you, be a significant sum of money. The charitable status of the reorganised fund, coupled with its relatively low operational cost-base, means that it will have many unique advantages and benefits. So, we believe it will be important for your advisor to fully understand the reorganised fund. Milestone has been fully briefed on the new scheme.

While it is still too soon to be seeking personalised advice (as you need the information coming in September) we want you to know that there is support available through the \$1,000 set aside for each member and annuitant to obtain advice from an Authorised Financial Advisor. An accountant or solicitor who is not an Authorised Financial Advisor would have legal difficulty offering financial advice.

To make it easier, we have arranged for Milestone Direct to be available across all regions should you choose to use them. They have been fully briefed on the changes and on the options in the reorganised fund. Further details are available at [www.milestonedirect.co.nz](http://www.milestonedirect.co.nz)

Their contact details are:     phone: 0508 MILESTONE (645 378)  
  Email: [info@milestonedirect.co.nz](mailto:info@milestonedirect.co.nz) or  
  Mail: PO Box 301426, Albany, North Shore 0752

### How to get your \$1,000 for financial advice

We have an arrangement with Milestone for us to pay them the \$1,000 directly. If you use another Authorised Financial Advisor, please ask them to invoice you, then forward your invoice to the CPT office (email is fine) and they will arrange to reimburse you up to \$1,000.00 in a matter of days.

## Some other updates

### Presbyterian Beneficiary Fund Trustee Ltd (PBFTL)

As indicated in the report to General Assembly 2016, in late last year the Church Property Trustees (CPT) established a company to act as trustee and manage the running of the Beneficiary Fund. We have called this company the Presbyterian Beneficiary Fund Trustee Ltd and it was appointed as trustee of the Beneficiary Fund on 30 November 2016. The main reason for doing this was to simplify compliance under the Financial Markets Authority Act. The company is fully owned by the CPT, all the directors are also CPT Trustees, and the company is responsible to CPT as shareholder. The directors of PBFTL are:

- **Ian Russon**, Chair, has held senior positions at the Reserve Bank of NZ and the Bank of New Zealand. He is the designated Licenced Independent Trustee of the Beneficiary Fund (under the Financial Markets Act) and is a director of a number superannuation trustee companies. Ian joined CPT in 2012 and is Chair of the Investment committee.
- **Roger Gyles** recently retired as General Manager Finance of an insurance company. Roger is currently Chair of CPT, and has been a Trustee since 2008.
- **Margaret Galt** is a Principal Advisor, New Zealand Treasury and has been on CPT since 1988.
- **Russell Garrett** is Head of Institutional Wealth at Mercer New Zealand and has been on CPT since 2012.

- **Warren Potter** is a Senior Portfolio Manager AMP Capital and has previously worked at the Reserve Bank of NZ. He joined CPT in 2016.

## **A change in the administrator**

The Trustee is pleased to let you know that Melville Jessup Weaver has been appointed to replace Link as the fund’s administrator. The administrator keeps the records of individual members and organises the running of the scheme (but not the investment of the money.) The administration of the new scheme is very different to that of the old one so it was an appropriate time to reconsider which firm undertakes this role for us. Melville Jessup Weaver have been the scheme’s actuary for many years and have served us well in that capacity, so we are confident that they will also do a great job in the administration.

## **The Charitable Fund**

The Trust Deed for the Charitable Fund is now in its final sign off stage. The next stage is to finalise the guidelines that it operates under, and this needs to wait until the final amount to be distributed to the Charitable Fund from the surplus of the winding up of the defined benefit section is known. This will take a while as we need to have the audited accounts available and the entitlement amounts calculated by Melville Jessup Weaver. The primary purpose of the Charitable Fund is the charitable purpose of advancing religion, in particular, by supporting, educating, and relieving ministers of the PCANZ, including retired ministers, so that they may devote their time and energies to the service of the Church, so that others may derive spiritual benefit from the exercise of the ministers’ functions. The Charitable Fund will be available to former Beneficiary Fund annuitants to apply to where a need arises, especially if they live for a very long time.

## **Our best estimates of the key dates:**

We have provided a table below of our best estimates of the key dates. We do not anticipate major changes to the other dates at this stage, although we do have to satisfy various regulatory compliance requirements which may delay us a little. Should that happen we would let you know as soon as possible.

<b>The letter setting out your entitlements and the package of material explaining your options</b>	<b>c. 30 Sept 2017</b>
<b>The deadline for you to advise us of your choices</b>	<b>c. 15 Nov 2017</b>
<b>The final settlement date</b>	<b>c. 30 Nov 2017</b>

## **Two things you can do to help us:**

1. If you contact Kos, can you please also give him your number as shown on your Annual Member Statement, or your full name, address and phone number. It is amazing how many people have the same (or similar) names, and it helps him to make sure he is giving the right information to the right person.

2. If you are a family member acting under an Enduring Power of Attorney (Property), then privacy laws mean that we need to have a copy of this before we can provide you with information. We will also need to have a copy before we can accept instructions under the Enduring Power of Attorney (Property) during the wind-up.

If you have any queries or feedback, please contact Kos van Lier  
Email [fundfeedback@presbyterian.org.nz](mailto:fundfeedback@presbyterian.org.nz) or phone 0800 773 779

**The Presbyterian Church of Aotearoa New Zealand Beneficiary Fund is managed and issued by Presbyterian Beneficiary Fund Trustee Limited. You can obtain the product disclosure statement for the offer of membership in the Fund and further information about the Fund on our website at [www.presbyterian.org.nz/for-parishes/church-property-trustees/the-beneficiary-fund](http://www.presbyterian.org.nz/for-parishes/church-property-trustees/the-beneficiary-fund) or on the Fund's register entry at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).**